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11/05/21
04:59 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement
Senate Bill 520 and Address Other Matters
Related to Provider of Last Resort.

R.21-03-011

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
RESPONSE TO E-MAIL RULING PROVIDING NOTICE THAT CALIFORNIA
COMMUNITY CHOICE ASSOCIATION WILL TAKE WORKSHOP NOTES AND
DIRECTING THE FILING OF WORKSHOP NOTES**

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November 5, 2021

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The California Community Choice Association¹ (CalCCA) submits *Notes and Action Items From CPUC Provider of Last Resort (POLR) First Workshop in Rulemaking R.21-03-011, October 29, 2021*, attached hereto as Attachment A, in response to the *E-Mail Ruling Providing Notice That California Community Choice Association Will Take Workshop Notes And Directing The Filing Of Workshop Notes*, issued on October 28, 2021.

Respectfully submitted,



Evelyn Kahl
General Counsel to the
California Community Choice Association

November 5, 2021

¹ California Community Choice Association represents the interests of 22 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy Authority, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, City of San José, Administrator of San José Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

ATTACHMENT A

**NOTES AND ACTION ITEMS FROM CPUC PROVIDER OF LAST RESORT (POLR)
FIRST WORKSHOP IN RULEMAKING R.21-03-011
OCTOBER 29, 2021**

**NOTES AND ACTION ITEMS FROM CPUC PROVIDER OF LAST RESORT (POLR)
FIRST WORKSHOP IN RULEMAKING R.21-03-011
OCTOBER 29, 2021**

1. Introduction and Opening Remarks

Speakers

Darcie L. Houck, Commissioner, California Public Utilities Commission (CPUC)

Robert Hertzberg, Senate Majority Leader

a. Discussion:

i. Commissioner Houck provided opening comments.

1. The Commissioner thanked the legislature for their collaboration and Senator Herzberg for participating on this call and his work on POLR.

2. Commissioner Houck summarized the key requirements for Senate Bill (SB) 520 and identified the next steps as outlined in the scoping memo. The proceeding will be in two phases consisting of:

a. Phase 1 – to address rules necessary to ensure the investor-owned utilities (IOUs) can serve as the POLR.

b. Phase 2 – to address the rules and mechanisms necessary for non-IOU entities to serve as the POLR.

3. The Commissioner thanked Administrative Law Judge (ALJ) Zita Kline for her efforts in this proceeding.

ii. Senator Hertzberg spoke next emphasizing the critical importance of keeping the lights on based upon his experience during the 2000-2001 energy crisis. The Senator noted that SB 520 was enacted to ensure California keeps the lights on and if the POLR is not sufficiently equipped as an adequate backstop, the lights will go out.

b. Questions:

None.

c. Action Item:

i. Commissioner Houck said she would have the Senator's District contacted for the materials.

2. Energy Division – Existing Processes

Speakers:

David Oliver, Energy Division (ED)

Dina Mackin, ED

Christian Knierim, ED

Kelsey Choing, ED

a. Discussion:

- i. David Oliver covered the requirements of SB 520 and the Community Choice Aggregator (CCA) certification and registration process from certification to CCA launch. He also highlighted the various phases/stages in each process.
- ii. Dina Mackin highlighted key issue areas in Phase 1 of POLR:
 1. Load-serving entity (LSE) deregistration compliance requirements.
 2. Financial Security Requirements (FSR)/re-entry fees and POLR requirements to ensure continuity of service.
 - a. Dina noted that the FSR and reentry fees were established through prior proceedings in Decision (D.)18-05-022 and that the existing requirements address if smaller LSEs fail and this current proceeding will discuss larger LSEs failing.
- iii. Christian Knierim discussed the Renewables Portfolio Standard (RPS) program requirements.
 1. Christian described the compliance as an energy-based requirement of final sales to end use customers.
 - a. Those sales must meet procurement requirements including:
 - i. A long-term contracting requirement where 65 percent of the LSE's procurement is to come from contracts of ten years or longer, and
 - ii. A portfolio balance requirements where LSEs must balance their portfolios complying with minimum and maximum quantities of procurement meeting the criteria of the RPS Portfolio Content Categories (PCCs).
 2. Christian went on to describe the RPS compliance reporting obligations including:
 - a. An annual report to the CPUC of all RPS compliance procurement for the compliance period.
 - b. A final RPS compliance report to the CEC which is not tied to a schedule and may occur several years after the compliance period.
 3. Christian then related how the RPS compliance process would be applied to a deregistered retail seller.
 - a. The compliance process would continue as described previously and would be evaluated for the deregistered entity for the period of time it served load.
 - b. Once the load is turned over to the POLR, the RPS compliance would fall upon the POLR for the period of load service from the POLR.
- iv. James McGarry discussed how the Integrated Resource Plan (IRP) planning functions through two tracks.
 1. Planning Track - The planning track evaluates LSE loads and contracted or planned resources to meet reliability and emissions goals, ultimately used to develop a proposed Preferred System Portfolio.
 2. Procurement Track - Two recent decisions have assigned procurement needs based upon IRP evaluation (D.19-11-016 and D.21-06-035) assigning a total of 14,800 megawatts (MW) of net qualifying capacity procurement between 2021

and 2026 incorporating reliability needs as well as decarbonization goals within the procurement requirement

- iv. Kelsey Choing provided an overview of the Resource Adequacy (RA) program
 - 1. There are three reliability requirements – System, Local, Flexible.
 - 2. There are two compliance filings – Annual year-ahead on or around October 31 and month-ahead filed 45 days prior to compliance month.
 - 3. She also reviewed the RA timeline for the year-ahead and month-ahead processes.
 - 4. Covered additional RA procurement requirements:
 - a. LSE given credit for cost allocation mechanism (CAM), demand response (DR) programs, and California Independent System Operator (CAISO) backstop via reliability must-run (RMR) and capacity procurement mechanism (CPM).
 - b. Last year, the CPUC directed Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) to be the central procurement entities (CPEs) for their respective transmission access charge (TAC) areas and procure on behalf of all the LSEs in those areas starting in 2023. Starting in 2023, LSEs in PG&E and SCE service territories won't have a local RA requirement but they can still procure local RA which they can either show to the CPE or use to meet their local system or flexible requirements.
 - c. RA penalties structure
 - i. Shared penalties imposed on LSEs for deficiencies cured after five business days and deficiencies not cured after five business days.
 - ii. She also highlighted that a recent change was made in D.21-06-029 with an escalating point system and that penalties may increase 2-3 times based on penalty points. Ms. Choing encouraged everyone to review the D.21-06-29 and the 2022 RA guide for details and also highlighted some questions to consider.
- v. David Oliver covered financial security (FSR) and Re-Entry fees
 - 1. Provided a background of the fees, how they are calculated, and that they include - energy, RPS, RA and administrative costs.
 - 2. Noted that re-entry fees can't be less than zero and that the minimum FSR is \$147,000.
 - 3. Shared that IOUs use different sources to calculate FSR amounts and the inputs used in the calculations impact the re-entry fee. Until sources are updated in POLR, the Power Charge Indifference Adjustment (PCIA) RPS market price benchmark (MPB) and most recent RA report should be used.
 - 4. Pointed out that energy and RA prices can also have a significant impact on the FSR amount and provided an illustrative example for calculating the FSR.

b. Questions:

- i. Mike Callahan (MCE) asked for clarification on an amount presented in the example on slide 27 of the presentation deck used to calculate the FSR. David Oliver (ED) - Increased on-peak and off-peak prices by 15 percent to demonstrate increase in forward prices have large impact on FSR.
- ii. Mary Lynch (Constellation Energy) - Also asked about a clarification on the RPS costs in the same illustrative example. David Oliver – RPS amounts came from the most recent MPB.
- iii. Janet Combs (SCE) asked about whether and LSE that has not begun to serve load and deregisters must continue to file RA compliance reports. The presentation suggested it is only when the new LSE has started to serve load and what happens when they have obligations, but not started to serve load? Christian Knierim (ED) said he would research the question.
- iv. Matt Freedman (TURN) - Regarding the reentry fee calculation clarification, why is the generation rate being used to determine revenues in the basic calculation? Aren't returning customers being charged at a Transitional Bundled Service Rate? Dina Mackin – Transitional Bundled Service rate applied to those customers who voluntarily returned. If involuntarily returned, then done by the example provided.
- v. Janet Combs (SCE) on chat - Just a further distinction that a customer involuntarily returned to POLR because they did not pay a DA or CCA provider still goes on TBS. But mass involuntary returned customers go on Bundled Portfolio Service (BPS). Except for large DA customers, and their affiliates who are not protected by PU Code 394.25(e)

c. Action Item:

- i. Christian Knierim (ED) to respond to Janet Combs on her question about deregistration of LSEs that had not started to serve load. - At the end of the meeting Christian Knierim clarified what happens if a CCA deregisters without serving load - theoretically it would not have to file but it depends on the dates of registration and deregistration so will have to be looked at on a case-by-case basis.

3. Panel – Current POLR Requirements, Gaps, and/or Relevant Issues

Speakers

Erica Brown, Pacific Gas and Electric Company (PG&E)

Josh Copenhaver, Southern California Edison (SCE)

Praem Kodiath, San Diego Gas & Electric (SDG&E)

Eric Little, California Community Choice Association (CalCCA)

Mike Campbell, Public Advocates Office (Cal Advocates)

Scott Olson, Alliance for Retail Energy Markets [AREM] and Direct Access Customer Coalition [DACC]

Delphine Hou, California Independent System Operator (the “CAISO”)

a. Discussion:

- i. Erica Brown, PG&E

1. Provided an overview of PG&E's service territory and shared that initially departures from LSE's were slow but from 2017 onwards the departure rate has really increased.
2. Highlighted the phases if PG&E were POLR – 1) Pre-LSEs formation, 2) LSE operations, 3) POLR service, 3) Post-POLR service.
3. She noted what is working well – CCA registration process, clear designation of POLR entity, universal POLR service, and limited POLR transmission.
4. Also highlighted opportunities for enhancements and that PG&E is concerned that now they are serving less load (45 percent), it's difficult to absorb, mass systemic failure preparation, compliance obligation, cost recovery, etc. They want to make sure that costs from POLR are adequately allocated.
5. Erica shared PG&E's guiding principles for a durable POLR framework that would ensure continuity of reliable electric service, maintain customer indifference and provide customer protection – clear standards and a level playing field, broad and equitable cost allocation, enhanced consumer protections (for those who are not being returned and those returning), compliance flexibility (rules are set up so the POLR can focus on providing reliable and affordable service).

ii. Josh Coppenhaver, SCE

1. Covered the basic framework in existence today and that it is 1) intended to protect customers from market exposure and volatility, 2) reentry fee intended to prevent cost shift and from having bundled service customers not bearing cost of an LSE's failure, and 3) FSR requirement intended to protect customers.
2. Shared concerns with existing framework – FSR and re-entry fee methodology is inadequate – 1) need to reflect the current cost to serve customers (current methodology points to the RA report and the latest one is from 2019 and since then RA prices have increased significantly), 2) The FSR and re-entry fee may not be fully compensatory because these calculations fail to consider the PCIA.
3. Additional POLR considerations were noted: 1) RA waiver is available for the POLR in the event of returned customers, 2) no comparable RPS waiver is available to the POLR, 3) the transition and timing of IRP procurement obligations, and 4) CAISO clarity of what the trigger event is for handoff with LSE failure.

iii. Praem Kodiath (SDG&E)

1. Provided an overview of their current load and that in 2025 forecast serving less than 25 percent of the region's load. Additionally, they forecast they will not be the largest LSE in the region and so the proceeding will need to consider what that means for IOU as POLR.
2. He shared what works – simplicity and clarity of who the POLR is and non-emergency customer transition.
3. Noted improvements that would be beneficial 1) definition of POLR role and requirements, 2) defined cost recovery, what is included and the process, 3) risk associated with serving as POLR when the entity that is POLR is a minority LSE in terms of amount of load they serve.

4. Highlighted guiding principles that should be in the following areas 1) Emergency only, 2) short-term bridge as POLR is a temporary state before they transition to a long-term LSE for service, 3) cost should be appropriately accounted for and risks should be reasonably evaluated, 4) POLR entity - there are phases in the proceeding but ensure that phase 1 should not pre-judge what Phase 2 looks like.

iv. Eric Little, CalCCA

1. Noted that the principle we all are working with is that it protects both bundled and unbundled customers.
2. Covered mechanisms that will hedge CCA risk multiple times – 1) financial hedging, 2) PCIA creates the risk of double hedging for CCA customers, 3) POLR framework could further increase hedging complexity and costs for customers.
3. Noted POLR design could place higher costs on CCA customers as traditional market price hedge and PCIA cover CCA and IOUs customers, FSR covers CCA customers only, and the POLR is still to be determined. Therefore, POLR service design, including limiting POLR procurement and service to the short term, is key in avoiding unnecessary costs. Putting duplicative costs of hedges on the CCA customers puts them on an uneven playing field.
4. Pointed out that requiring the POLR to meet state policy goals duplicates LSE roles and that is a concern especially in an already constrained RA market and discouraged the introduce competition in the market that will increase costs for customers.
5. Stated that POLR is a very small element and should not be used frequently. This could be accomplished by incorporating the returning load to another CCA. Current rules would not accommodate a timely CCA-to-CCA load migration as Resolution E-4907 requires a minimum of one year.
6. Noted the recent Western Clean Energy (WCE) and Baldwin Park Resident Owned Utility District (Baldwin Park) customers' return to the IOU and that they offer an opportunity to examine the POLR framework. He also noted that CalCCA and its CCA members are evaluating measures that could be deployed within the CCA community to reduce the likelihood of future customer returns.

v. Mike Campbell (Cal Advocates)

1. Agreed with Senator Hertzberg's comments on the importance of keeping the lights on and also noticed that we need to consider the risks, costs of those risks, and who bears the financial responsibility.
2. The fundamental obligations of the POLR
 - a. It is the last resort and requires the CPUC regulate the POLR and has the authority to do so under Public Utilities Code 387.
 - b. Prevent cost shift from one entity to another – adequate FSR essential.

- c. Terms of service – IOUs currently have the obligation to be the POLR and there are clear reasons they can disconnect customers. If another LSE is POLR, if their reason for disconnection is different, that can be an issue.
 - d. Challenging how to meet the RA obligations and do that procurement in a timely and cost-effective manner.
 - e. Who is bearing the risk if a CCA can't cover the costs via its financial instruments, then who will pay.
 - 3. From Mike Campbell on chat: Since I didn't have slides, here are a few bullet points: CPUC has authority to regulate the POLR. A few issues to be considered (1) cost shifts, (2) terms of service, especially disconnection, should be same for IOU and POLR, (3) POLR needs ability to conduct rapid RA procurement.
- vi. Scott Olson (AReM/DACC)
- 1. Stressed that POLR should be the absolute last resort.
 - 2. AReM members are centered around managing risk and highly capitalized to weather storms.
 - 3. Customer transitions under ESPs should be easy to transfer to an alternate provider without a POLR, POLR should be seen as a safe harbor, for the short term and the customers should be allowed to choose any eligible supplier.
 - 4. Shared what aspects of POLR are working well – 1) Cost allocation and recovery covered under the general rate case (GRC) and energy resource recovery account (ERRA) proceeding and through the re-entry fee structure and calculation, 2) Procurement requirements guidance under RA, RPS and IRP are adequate, 3) FSR and re-entry requirements established under Decisions D.11-12-018 and D.13-01-021, 4) Large C&I customers bear their own risk and no cost shift to bundled customer due to Transitional Bundled Service (TBS) tariff.
 - 5. He provided an example of POLR in the Texas market where a failing provider's customers are first absorbed by other retailers before POLR is called.
- vii. Delphine Hou, CAISO
- 1. Pointed out that the most important element for the CAISO is timing of the return, the more time the better and knowing when the return will take place.
 - 2. Noted the difference in how CCA and Direct Access (DA) customers are treated - DA customers can seek a different DA provider before going to POLR, which is not the pathway for CCAs.
 - 3. Share that for migrating load, the CAISO looks at it going from one Scheduling Coordinator (SC) to another SC, as the SC is who the CAISO has the legal obligation with, so the SC should be the first point of contact.
 - 4. RA showings are due 45 days prior to the month so can get difficult if migration is in that process.
 - 5. The CAISO does not have a contractual relationship with the suppliers so can't just migrate the suppliers from one LSE to another.

6. Preferred that the CAISO backstop authority to not be the fallback and relied upon to cure any RA deficiencies due to load migration.
7. For the congestion revenue rights (CRR) process it is the POLR's responsibility to reach out to CAISO and requires approximately 2 months. So, the more heads up there is on load migration, the better.

b. Questions:

- i. Evelyn Kahl (CalCCA) on chat: Clarification question for Josh Coppenhaver: How are bundled customers exposed by not including the PCIA in the Reentry Fee? The returning customers have been paying their PCIA as unbundled customers and then will continue to pay their share as bundled customers after they return? But aren't they paying the 6 cents when they are returning? Joshua Coppenhaver (SCE) – CCA customer pays vintaged PCIA rate, when they come back to bundled service they pay a PCIA for a different vintage. Need to compare the delta in PCIA rate to ensure no cost shift.
- ii. Janet Combs (SCE) to CalCCA – Question on other CCAs taking on the customers of a deregistering CCA – Would that require a change in statute to have other cities take on load for another city? Eric Little (CalCCA) – would probably need to be a Joint Power Authority at this time.
- iii. Mike Campbell (Cal Advocates) – What would be the POLR's role? Eric Little (CalCCA) – Purpose of this workshops was to discuss problem statements, so not getting into the solutions just as yet. Dina Mackin (ED) – Phase 2 will consider other entities becoming POLR.
- iv. Matt Freedman (TURN) - Two regimes for rate treatment if they return voluntarily or involuntarily (TBS charged for customers that return voluntarily and bundled procurement service if involuntary return). Any reason for that? Praem Kodiath (SDG&E) that is one of the questions coming out of this proceeding to be discussed. Erica Brown (PG&E) a good question but the volume of returns impacts that – more with involuntary returns.
- v. Mary Lynch (Constellation Energy) - How do you ensure the POLR is only short-term? Eric Little (CalCCA) - The customer needs to return to an LSE and not be left in POLR for long-term. To the extent the customer has choices, they can choose the LSE – CCA, DA, or bundled. Differentiated between the IOU as POLR service and the IOU as LSE service. Praem Kodiath (SDG&E) differentiated that phase 1 of the proceeding is short-term emergency while Phase 2 will address the longer-term answer.
- vi. Aimee Smith (SDG&E) – In response to Mary Lynch's question - The short-term POLR concept is intended to be the nature of the service the POLR provides not the provider itself. POLR service is provided for a short time, then customers should transition to standard service by LSE.
- vii. David Oliver (ED) to CalCCA – Clarification on slide 48 about responsibility for meeting RPS, RA, IRP requirements. Eric Little (CalCCA) – Rules should be

established in those proceedings, and it should be the LSE's objective to meet those objectives in those proceedings, rather than the POLR.

- viii. How will the POLR be defined? Dina Mackin (ED) the definition will have to be defined in this proceeding.

c. Action Items:

None.

4. Emerging Issues with Deregistration

Speakers

Dina Mackin, ED

Chris Gray, WCE

Michael Williams, SCE

a. Discussion:

i. Dina Mackin, ED

1. Noted the recent deregistrations in the past year and that this year have had some CCAs register but then deregistered before they started serving load. Have learned that there should be a more comprehensive plan in place.
2. Shared that WCE organized as a Joint Power Authority started serving customers and then filed for bankruptcy this year and their customers were returned to SCE. WCE and SCE representatives will share their experience on this panel.
3. Shared that Baldwin Park filed their intent to deregister today. They are organized as a City Enterprise and at a recent meeting, their City Council decided to deregister.
4. She noted her observations through these experiences some of which included:
 - a. Financial challenges can compound fast and can be greater than expected - Tight RA market and customer arrearages that don't allow disconnection and exposure to the volatile energy market.
 - b. If a CCA is going to deregister, advance warning can help manage that.
 - c. Actual procurement costs are challenging to estimate and may be significantly higher than re-entry fees.
 - d. Recent CCA deregistrations have been small enough that they could be absorbed by SCE.

ii. Chris Gray (WCE)

1. Shared WCE is still in bankruptcy so will not be answering any questions pertaining to that. Instead will be sharing their experience with the customers returns.
2. WCE had 115,000 customers, half the load was residential and half non-residential with 40 percent of their customers CARE/FERA and 15 percent net energy metering (NEM). Their unpaid accounts increased from \$500k to \$6M in a matter of months.

3. Once they decided to file for bankruptcy, they worked with the CPUC and SCE and determined involuntary transfer was the process for customer transition.
4. Acknowledged SCE and CPUC support during the process.
5. Customer transition – SCE had billing system changes occurring and they were wonderful during the process.
6. WCE did customer outreach to their large industrial customers and utility customers directly; issued press releases, social media and website for residential customer communication; coordinated messaging with SCE and WCE also attend City Council meetings.
7. Experiences/Lessons Learned:
 - a. NEM customers are the ones who have been contacting WCE most asking about their payments (net credit balance).
 - b. Did not have a good understanding of how people interacted with their bills. Most people do not read their bill – some wanted to come back to SCE and some were not even aware they were WCE customers.
 - c. Customer experience – customers do not like to be bounced around, they need to know who to call to resolve their issues.
 - d. Bottom line – difficult process, customer return has been smooth and challenging at times, customers not knowing they were CCA members, transition occurred in 2021 and challenges remain. But everyone’s power stayed on and nobody lost service.

iii. Michael Williams (SCE)

1. Discussed experience with the mass involuntary return process from WCE customers.
2. Thanked WCE and in hindsight wished they could have started the process of transitioning customers sooner and realized that no model was established for this situation.
3. Summarized the differences between WCE and Baldwin Park deregistrations.
4. Lessons learned:
 - a. Unplanned exits will occur during times of market stress and high prices – would like to see FSR to be robust enough. Advanced notices to the POLR of the LSE’s exit to mitigate incremental costs. Question to consider is whether the CPUC should monitor LSEs financial health as a mitigation measure?
 - b. LSE’s rates based on SCE’s rates may not meet its revenue requirements.
 - c. Power purchase agreements (PPAs) can be terminated in bankruptcy and leave the LSE unhedged.
 - d. LSE should seek to return customers to POLR service expeditiously.
 - e. SCE moving their billing system and introducing a level of complexity not fully anticipated lead to bill delays and confusion.

- f. Coordinated customer communications are critical - do everything possible to mitigate impacts on customers.

b. Questions:

- i. Praem Kodiath (SDG&E) directed at WCE – How fast did the transition take place for customers and how did the transition go? Chris Gray (SCE) - In bankruptcy so can't provide details, but the transition was about a 4-6 weeks period. Dina Mackin (ED) 4-6 weeks period felt extremely fast with all the things that had to be done. Michael Williams (SCE) - locked arms and worked together for the best interest of the customers.
- ii. Suzanne Casazza (CPUC) – Has SCE does any reversion testing for large scale reversions, and if/how that could be done if it is ever needed? Michael Williams (SCE) - No, had to move very quickly, will continue to work on large scale. Chris Gray (WCE) added that WCE customers have lower income and English is not the first language for a higher percentage of customers compared to the rest of Riverside county. SCE had information in multiple languages but customers don't always know who to reach out.

c. Action Items:

None.

5. Facilitated Discussion on Questions to Consider in POLR Phase I

Speakers

Dina Mackin, ED

a. Discussion

- i. Dina Mackin shared
 - 1. The idea of this first workshop is to raise questions and issues and will be requesting comments on the issues in Phase 1. Parties can raise additional questions if not raised today and provide proposals. Then there will be another workshop to discuss and present solutions on the issues.
 - 2. Key issue areas in Phase 1 of POLR seeking party proposal to present at the second workshop on the following topics:
 - a. LSE deregistration compliance requirements.
 - b. FSR / Re-Entry Fees.
 - c. POLR Requirements to ensure continuity or service.
 - 3. Sought input on problem statements posed in the slides around:
 - a. Existing framework issues:
 - i. Erica Brown (PG&E) – RA has a clear process on waivers, but RPS and IRP may not have similar process. The magnitude of the return and market conditions impact.
 - b. POLR requirements for Continuity of Service:
 - i. Mary Lynch (Constellation) - Good question but note that a lot of procurement is done through CAM, if entities fail, they have some RA that could be used. Dina Mackin (ED) – Given tight supply conditions,

- we need CAM capacity but there is no guarantee failed LSEs' RA not from CAM will be available, it could be sold to other buyers or even out of state.
- ii. Erica Brown (PG&E) - have discussed a few things internally - Right of First Refusal of the defaulting LSE for their RA contract to be assigned to the POLR. Encouraged more planning for returns. Is there a role for the CPUC to monitor and develop new requirements to form a new LSE.
 - iii. Jeanne Armstrong (SEIA) – Developers like to have financially sound buyers. If some assurances that if a CCA were to fail, the contracts would follow the customers.
 - iv. Matt Freedman (TURN) – If contracted resources are there when an LSE fails, having it follow the customer would make sense rather than have new procurement requirements for POLR.
 - v. Scott Olson (AReM/DACC) - What situations would require the POLR to procure in advance for major market shortage? Dina Mackin (ED) we've already seen major market events and they could be worse in the future, especially with wildfires. Already vulnerable LSEs could become more vulnerable if they are exposed to prices during major market events.
 - vi. Mike Callahan (MCE) - Had the same question on the meaning of major market shortage and impact.
 - vii. Aimee Smith (SDGE) - Would the POLR be taking over the contracts with the same conditions/terms and how will they be recovered through rates? Would novation be one of the concepts for proposals? Dina Mackin (ED) – These are good questions to be asked and looking for proposals on that.
- c. Costs of Serving as POLR:
- i. Erica Brown (PG&E)
 - 1. Non procurement costs - there would be costs around appropriately staffing the POLR to absorb returning customers. And if the POLR has financial reserves are those costs covered.
 - 2. From WCE experience, there was a lot of discussion and importance to customer communication and experience, so that could also be an additional cost to consider.
 - ii. Doug Karpa (PCE) - Should consider the probability of cost being incurred and if that is covered under insurance. What are the costs and the cheapest way to insure against those costs? Michael Williams (SCE) - Quantification of costs can be challenging as many events are taking place at the same time and whether your platform can determine that.
- d. Notice and Monitoring of LSE Financial Health:
- i. Mike Callahan (MCE) - Include direct access in the LSEs.
 - ii. Mary Neal (MRW) - What is CPUCs statutory authority to monitor LSEs? Commissioner Houck (CPUC) – Looking here for what would be the appropriate level of authority, how to look at these issues. Will need to determine in Phase 3 level of authority and coordination with the legislature.

- iii. Evelyn Kahl (CalCCA) - Agrees that thought should be given to this point and CalCCA has been talking internally and agree some improvements can be made to mitigate the issues and be better prepared. Also working internally on standards and practices to make the information by CCA more easily available for transparency.

b. Questions:

- i. Danielle Weizman (SDG&E) – Asked about process for comments and next steps? Ruling coming in the next week with questions, can provide comments on this workshop too.
- ii. Mike Callahan (MCE) – Raised issue of customer protections should be looked at for separating IOU POLR service versus IOU LSE service. Affiliate transaction rules could be looked at to inform this.
- iii. Aimee Smith (SDG&E) - Will this workshop presentation be in the record? Yes. Here is the [link](#) to the presentation.

c. Action Item:

- i. David Oliver will send out link to the presentation to the service list too.

6. Closing Remarks

Speakers:

Darcie L. Houck, Commissioner, CPUC

a. Discussion:

- i. Commissioner Houck shared that she looked forward to working on this topic and working with the legislature. She thanked the presenters, participants and ED Staff for their work.
- ii. Looking for party proposals on questions that will be forthcoming from the CPUC and look forward to the second workshop later this year.

b. Questions:

None.

c. Action Items:

None.